

AFARS -- Appendix BB

Management Control Evaluation Checklist

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Part 1 -- General

BB-100 -- Function.

The function covered by this checklist is Contract Office Management.

BB-101 -- Purpose.

The purpose of this checklist is to assist managers at all levels in evaluating compliance with the key management controls listed below. It is not intended to cover all controls.

BB-102 -- Instructions.

Answers must be based on actual testing of key management controls (e.g., document analysis, direct observation, sampling, simulation, other). Answers, which indicate deficiencies, must be explained and corrective action indicated in supporting

documentation. The AFARS provide the policy guidance and prescribed procedures for nearly all aspects of the contracting process, therefore it is not reasonable, nor possible to include a test question for each element in this management control process. For this reason the checklist is not intended to be all-inclusive and should be supplemented to include areas specific to each contracting activity (e.g., Major Systems, Contingency Contracting, etc.). Supplemental questions should be geared towards identifying potential problem areas in order to correct/improve the processes before they are raised, or before they become systemic. Formal evaluations of key management controls must be conducted at least once every five years (AR 11-2).

BB-103 -- Superseded.

This checklist replaces the 1996 edition contained in Appendix DD -- Management Control Evaluation Checklist.

Part 2 -- Test Questions

BB-200 -- Event Cycle 1: Management of the Acquisition Function

Step 1: Acquisition Activity Procedures and Functions.

- a. Are mission and function statements clear and accurate?
- b. Is the contracting office located at a level in the organization where undue pressure will not be placed on contracting personnel?
- c. Are there current published standard operating procedures (SOPs) that govern operations of the organization (i.e., security, visitors, etc.)?
- d. Are goals and metrics in place and routinely used to assess progress?
- e. Is the contracting office currently in compliance with the paperless contracting mandate, for electronic transaction of, requirements handoff; solicitations; proposal receipt; evaluation; awards/modifications; and payment?

Step 2: Requiring Activity Coordination.

- a. Are requiring activities advised of the lead times necessary to initiate and complete the contractual obligation of funds?
- b. Is economic purchase quantity data obtained and shared (when appropriate) with the cognizant inventory manager or with requiring activities (FAR 7.204)?
- c. Is teaming a routine practice in preparing contract packages and program strategies?

- d. Are Integrated Product Teams utilized to facilitate the decision making process whenever practical?

Step 3: Office Automation.

- a. Is there a single point of contact in the office for managing electronic business initiatives?
- b. Are procedures established regarding documentation and reporting problems with electronic business initiatives?

Step 4: Staffing, Facilities, and Training.

- a. Is the staffing in contracting offices adequate to support the mission without excessive use of overtime or the addition of temporary employees?
- b. Are job descriptions in the contracting office sufficient to ensure the recruitment and retention of employees with adequate skill levels?
- c. Is the contracting office-working environment (i.e., office space, heating/cooling, lighting, noise levels, etc.) in accordance with space management regulations?
- d. Is the number and condition of office business machines (i.e., copiers, datafax, computers, and class "A" telephone lines) adequate?
- e. Are the Individual Development Plans (IDPs), job descriptions and standards current and appropriate for the mission?
- f. Is the training received by employees (both formal classroom training and informal on-the-job training) timely, adequate, and appropriate for the specific level of certification?

Step 5: Acquisition Reports and Reviews.

- a. Do management and contracting functions of the organization and its activities receive management reviews?
- b. Are DD Forms 350, Individual Contracting Action Reports, prepared in a timely manner, verified, and submitted for each applicable contractual action (DFARS 204.670-3)?
- c. Are DD Forms 1057, Monthly Contracting Summary of Actions, inclusive of external orders and applicable purchase card transactions prepared in a timely manner, verified, and submitted as required (DFARS 204.670-3)?
- d. Are DD Form 1547, Record of Weighted Guidelines Application, prepared in a timely manner, verified, and submitted as required (DFARS 215.404-70)?

- e. Are Status Reports on Specified Contract Audit Reports, required by DODD 7640.2, prepared in a timely manner, verified, and submitted as required (AFARS 5115.490-3)?

Step 6: Social and Economic Goals.

- a. Does the contract file reflect the timely receipt, evaluation, and approval of required subcontracting plans (AFARS 5119.705-4)?
- b. Do contracting officers make a reasonable effort to assist SADBUs in identifying requirements suitable for possible award under the 8(a) Program (AFARS 5119.803(b))?
- c. Are contracting officer decisions or recommendations on a particular acquisition coordinated with the SADBUs specialist on DD Form 2579 (DFARS 219.201 (d) (9)(B))?
- d. Are the benefits of bundling contracts quantified and substantiated (DFARS 207.107)?

Step 7: Standards of Conduct.

- a. Is the required ethics training presented at least annually?
- b. Are contractors made aware of their responsibility to maintain a suitable system of internal controls to avoid improper business practices (DFARS 203.7000)?

BB 201 -- Event Cycle 2: Presolicitation

Step 1: Initial purchase tasking receipt and review.

- a. Do the purchase requests received adequately describe the requiring activities' needs, provide for identification and accountability control? Are they adequately funded, signed, dated, approved by appropriate persons and contain supporting documents, if required?
- b. Do the purchase descriptions or performance work statements received describe requirements that are appropriate for this contracting office to purchase? Should another contracting office/activity make the purchase?
- c. Are descriptions of the Government's needs stated in terms sufficient to conduct market research (FAR 10.002)?
- d. Has market research been conducted to determine if commercial items or non-developmental items are available to meet the Government's needs or could be modified to meet the Government's needs (FAR 10.002(b))?

- e. Does the Independent Government Estimate (IGE), if required, appear reasonably accurate and complete?
- f. Do the blue prints and drawings, if required, appear reasonably accurate, complete and can be provided electronically?
- g. Are the purchase requests for items delivered after the fact (unauthorized commitments) processed according to ratification procedures (FAR 1.602-3 and AFARS 5101.602-3)?
- h. Are established procedures followed whereby the chief of the contracting office regularly monitors the backlog and age of purchase requests or directives that remain "in process"?

Step 2: Acquisition method selection and planning.

- a. Are requirements placed as orders against applicable, existing "open ended" agreements or contracts rather than used as the bases for creating a new solicitation or purchase order?
- b. Are "Lessons Learned" during the previous year(s) considered in the preparation of a new solicitation to fill recurring annual requirements? (That is, are previously erroneous estimates, descriptions, and assumptions corrected rather than repeated?)
- c. Is the type of contract selected the result of analyzing the requiring activity's requirements (i.e., Performance Based, not merely repeating the last selection for a similar requirement) and determining what would promote the Government's interests (FAR 16.102)?
- d. Are acquisition plans:
 - 1. Developed when required (DFARS 207.103)?
 - 2. Sufficiently complete (DFARS 207.105)?
 - 3. Timely Updated (AFARS &.103(e)?
- e. Does the request for approval to use an Undefined Contractual Action (UCA) adequately justify the urgency to begin performance prior to definitization, contain an adverse impact on mission statement, and has it been authorized (DFARS 217.7404-1)?

Step 3: Competition Considerations.

- a. Is the urgency exception to full and open competition being properly applied and not just based on a high priority purchase request or backordered requisition (FAR 6.302-2)?

- b. Are solicitations based on the industrial mobilization exception limited to only the minimal sustaining rate for mobilization (FAR 6.302-3(b)(1)(iii))?
- c. Are justifications for other than full and open competition (including amendments to justifications) approved in writing at the appropriate level (FAR 6.304)?
- d. Are solicitations based on the national security exception to full and open competition legitimately justified (FAR 6.302-6)?
- e. Are orders issued, under multiple delivery order contracts or multiple task order contracts, giving all awardees a fair opportunity to be considered for each order in excess of \$2,500 (FAR 16.505)?

Step 4: Solicitation preparation and review.

- a. Do solicitation(s):
 - 1. Conform with the Uniform Contract Format, if applicable (FAR 14.201-1 or FAR 15.204-1)?
 - 2. Forms and clauses conform to the FAR or DFARS or have deviation approval (DFARS 201.402(3))?
 - 3. Requiring a legal sufficiency review prior to issuance, receive the required review (AFARS 5101.602-2 (c) (iv)).
- b. Do the Instructions, Conditions and Notices to Offerors (when appropriate) specify in sufficient detail the format and structure (i.e. size print, numbering of pages, etc.) with which each offer is expected to comply?

Step 5: Solicitation public notices and announcements.

- a. Are solicitation notices publicized:
 - 1. To the Army Single Face to Industry and FEDBIZOPS pages?
 - 1. Using the appropriate method (Commerce Business Daily, Army Single Face to Industry, public posting, etc.)?
 - 2. For the appropriate number of days?

BB 202 -- Event Cycle 3: Solicitation, Evaluation, and Award.

Step 1: Solicitation distribution, amendment, and cancellation:

- a. Are solicitation mailing lists established and maintained when electronic commerce techniques are not employed (FAR 14.205)?
- b. Is the publication, "Lists of Parties Excluded from Federal Procurement or Nonprocurement Programs", checked before placing vendors on the solicitation mailing list?
- c. Are appropriate verification of the contractors' registration in the Central Contractor Registration (CCR) completed prior to award of contracts (DFARS 204.73 & 52.204-7004)?

Step 2: Bid opening and proposal closing:

- a. Are bids received prior to bid opening kept secure in a locked bid box or safe (FAR 14.401)?
- b. Are the withdrawals of a bid before the exact time set for opening bids accomplished according to FAR requirements (FAR 14.303 (b))?
- c. Are bid opening postponements limited to only justifiable situations (FAR 14.402-3)?
- d. Do bid opening officers follow bid opening rules and procedures (FAR 14.402)?
- e. Are procedures followed on the receipt and handling of proposals and quotations (FAR 15.207)?
- f. Are procedures followed on the disclosure and use of information in the proposals (FAR 3.104-5)?

Step 3: Responsiveness and certifications.

- a. Are only those bids that comply in all material respects with the Invitation for Bids (IFB) considered for award (FAR 14.301)?
- b. Are appropriate certification and representations required by the solicitation provided by the offeror prior to award?

Step 4: Mistakes and protest resolution.

Do contracting officers consider, resolve, or forward, as appropriate, all protests filed that relate to either their solicitations or procedures (FAR 33.102)?

Step 5: Technical Evaluation.

Are the technical factors developed specifically for each acquisition, i.e., technical approach, management approach, experience and personnel qualifications?

Step 6: Cost evaluation.

a. Is the relative importance between cost or price and the non-cost factors reflected in both the solicitation and weights or priority statements in source selection plan?

b. Is cost evaluated in every source selection (FAR 15.304 (c) (1))?

Step 7: Past Performance Evaluation:

Is past performance being evaluated as appropriate, or the file documented by the contracting officer (FAR 15.304 (c)(3))?

Step 8: Responsibility determination and certification of competency.

Do contracting officers place the required written determination of nonresponsibility in the contract file when rejecting prospective offerors as nonresponsible (FAR 9.105-2 (a))?

Step 9: Obtaining approvals, congressional notices, and business clearances prior to award.

a. Do the contract files reflect the obtainment of appropriate award approvals and signature authorities?

b. Are public announcements and the release of contract award information in compliance with regulatory requirements (FAR/DFARS/AFARS 5.303)?

Step 10: Contract distribution, synopsis, and notice of award.

a. Are contract awards synopsisized as required in the Commerce Business Daily (FAR 5.301)?

b. Are steps taken to ensure that the notice of award is received in a timely manner, particularly where the successful offeror must “mobilize” subcontractors and equipment?

c. Does the UCA definitization schedule contain all FAR 16.603-2 © and DFARS 217.7404 requirements, a ceiling not to exceed price, and appropriate contract clauses (FAR 16.603, DFARS 216.603-4, DFARS 217.7406)?

BB 203 -- Event Cycle 4: Contract Administration

Step 1: Functional representatives’ responsibilities and limitations.

a. Are qualified individuals selected as CORs (DFARS 201.602-2)?

b. Do CORs’ written designations clearly indicate their authority and limitations?

- c. Are inspectors, functional managers, and others routinely involved in performing contract administration functions, advised of their duties and responsibilities in contract administration?
- d. Do delegations of the contract administration functions normally include the authority to deobligate excess funds (FAR 4.804-5 and 42.302 (a)(70)).
- e. Have the Contracting Officer Records and Ordering Officer Records been validated every 12 months to ensure compliance with the terms of the contract? (AFARS 5101.602-2)

Step 2: Postaward orientation conferences.

Is consideration given to the need for postaward orientation conferences to foster a mutual understanding of the contractual agreement and the responsibilities assigned (FAR 42.502)?

Step 3: Contract modifications.

- a. Is legal counsel requested to make a legal sufficiency determination prior to effecting a supplemental agreement?
- b. Is a deviation approval requested when a clause other than a standard clause is to be incorporated into a supplemental agreement and legal counsel review obtained?
- c. Are requiring activities prevented/prohibited from making changes to contracts and retroactively processing them through the contracting officer?
- d. Are change orders only issued for work within the scope of the contract (FAR & DFARS 43.2)?

Step 4: Government property administration.

- a. Are contractors required to publish a property control system describing the procedures and techniques to be used in managing Government property (unless the Government Property Administrator determines it unnecessary)?
- b. Is regulatory guidance followed to determine contractor liability should Government property become lost, damaged, destroyed or unreasonably consumed (FAR 45.504)?
- c. Has it been determined to be in the best interest of the Government to provide additional Government property beyond that required under contract?

Step 5: Quality assurance.

- a. Are nonconforming supplies or services offered to the Government rejected except as provided in applicable regulations (FAR 46.407)?
- b. Is contractor performance of service or commercial activity contracts monitored according to established surveillance plans?

Step 6: Delinquency Actions and Terminations.

- a. Do contracting officers take timely action to alleviate or resolve delinquencies?
- b. Do contracting officers obtain legal counsel and technical advice prior to taking action when a default termination is being considered (FAR 49.402-3)?
- c. Are excess funds from terminated contracts deobligated by the responsible contracting officer (i.e., PCO, ACO or TCO) in a timely manner?
- d. Are negotiation settlements promptly scheduled and audit reviews and negotiations tracked to ensure prompt settlement of termination actions (FAR 49.101(d))?

Step 7: Defense Contracting Audit Agency (DCAA) audits on cost reimbursement contracts.

- a. Are determinations regarding the allowability of incurred cost on cost reimbursement contracts consistent with the factors to be considered in determining allowability (FAR/DFARS part 31)?
- b. Are final cost determinations that are inconsistent with the auditor's advice supported by a memorandum in the contract file describing the pertinent events and factors considered in reaching the decision?
- c. Are the reimbursements due the Government after final audit promptly processed for collection?

Step 8: Receiving reports, acceptance, final payment, contract completion and contractor evaluation.

- a. Are decisions to accept, or reject supplies offered, or services performed, documented and distributed in a timely manner?
- b. Are all contractual claims and obligations satisfied on physically completed contracts prior to contract closeout?
- c. Are contractor performance assessment reports (PARs) being prepared (AFARS 42.15)?
- d. Are contract administration offices initiating administrative closeout of the contract after receiving evidence of its physical completion (FAR 4.804-5)?

BB-204 -- Event Cycle 5: Special Acquisition Situations and Requirements

Step 1: Simplified Acquisition Procedures.

- a. Is a source list being maintained (FAR 13.102)?
- b. Are files reviewed to ensure that:
 - 1. Requirements are not split or manipulated to avoid the Simplified Acquisition Threshold (FAR 13.003 (c))?
 - 2. Related items are consolidated when practical and advantageous (FAR 13.101 (b))?
 - 3. Unpriced orders contain appropriate monetary limitations (FAR 13.302-2 (c))?
 - 4. Price reasonableness is adequately documented (FAR 106-3)?
- c. Are existing agreements (i.e. Federal Supply Schedules, Blanket Purchase Agreements, other activity/agency contracts etc.) used?
- d. Are recurring orders evaluated at least annually to determine the appropriateness of either establishing, updating or canceling blanket purchase agreements (FAR 13.303-2 & 13.303-6)?
- e. Are ordering officers:
 - 1. Appointments limited to those situations essential for the efficient operation of the contracting mission (AFARS 1.602-2-91 (b))?
 - 2. Activities physically inspected or reviewed, at least once each year (AFARS 1.602-2-91 (c) (2))?
- f. Government Credit Card purchases:
 - 1. Are they controlled by established internal operating procedures (AFARS 13.9002 (a))?
 - 2. Are they in compliance with restrictions and controls (AFARS 13.9003)?
 - 3. Are procedures in place to ensure bills are paid promptly?
 - 4. Are purchase cards being utilized as a payment vehicle on contracts over \$2,500 (when appropriate)?

Step 2: Construction Requirements

- a. Are bid guarantee and bonding requirements in compliance with the guidance at FAR 28.101 and DFARS 28.102?
- b. Is a release of all claims or liens against the Government obtained prior to final payment (FAR 52.232-5)?

Step 3: Job Order Contracting (JOC)

- a. Do UPB prices (including contractual changes to UPB prices) exclude contractor mobilization, overhead, administration and profit?
- b. Are negotiated prices for non-prepriced items fair and reasonable?

Step 4: Architect-Engineers (AE) Requirements.

- a. Are the qualification data files on AE firms kept current (to include review and update at least once a year) (FAR 36.603 (d))?
- b. Are the required clauses included in AE contracts to protect the interests of the Government (FAR 36.609)?
- c. Are the reasons for recovering or not recovering costs from an AE firm whose design deficiencies contributed to a construction contract modification, in writing and in the contract file (FAR 36.608)?

Step 5: Services and Performance Based Contracting.

- a. Are formal measurable (i.e. in terms of quality, timeliness, quantity, etc.) performance standards and surveillance plans developed to monitor the services to be performed (FAR 39.103)?
- b. Are contractor employee complaints regarding wage rates, overtime, and related matters, under the Service Contract Act referred to the Department of Labor for investigation?

Step 6: Acquisition of Information Technology.

- a. Are the modular contracts for IT awarded within 180 days after the solicitation is issued and delivery scheduled to occur within 18 months (to the maximum extent practicable) (FAR 39.103 (e))?

Step 7: Major System Acquisitions.

- a. Does the system acquisition objective promote innovation and full and open competition (FAR 34.002 (a))?

- b. Is effective competition between alternative system concepts and sources sustained for as long as it is beneficial (FAR 34.002 (b))?
- c. Are the Formal Source Selection procedures described in the Army manual/guidance being applied?

Step 8: Research and Development Requirements.

- a. Are work statements adequately tailored by technical and contracting personnel to obtain the desired degree of flexibility for contractor creativity and the objectives of research and development (FAR 35.005 (a))?
- b. Are recommendations of technical personnel considered by the contracting officer prior to selection of a contract type to fit the research work required (FAR 35.006 (b))?
- c. Does the evaluation and award of research contracts consider the prohibition against obtaining capabilities that exceed those needed for successful performance (FAR 35.008 (a))?
- d. Do those research contracts with educational institutions or nonprofit organizations requiring a named principal; investigator or project leader, contain sufficient controls to ensure an adequate degree of involvement by the named individual (FAR 35.015(a)(1))?

Step 9: Undefined Contract Actions (UCAs)

- a. Has the statutory limitation on obligation and expenditure of funds prior to definitization been adhered to, e.g., not more than 50 percent of ceiling price or 75 percent with receipt of a qualifying proposal (DFAR 217.7404-4)?
- b. Are UCAs definitized in a timely manner, e.g., within 180 days or before 50 percent of the not to exceed price is expended (75 percent with receipt of a qualifying proposal) or, if extended, 180 days after contractor submission of a qualifying proposal (DFAR 217.7404-3 9a))?
- c. If the contractor did not submit a qualifying proposal in accordance with the definitization schedule (within 180 days or prior to the date on which the amount of funds spent under the contract action is equal to more than 50 percent of the not-to-exceed price), did the contracting officer suspend or reduce progress payments under FAR 32.503-6 or take other appropriate action (DFARS 217.7404-3).

Step 10: Financial and Cost Aspects of Other Transactions for Prototype Projects.

- a. Are the terms and conditions of the "Other Transaction" clear, and do they protect the Government's interests?

- b. When an “Other Transaction” has cost reimbursable features using payable milestones, does the “Other Transaction” address the procedures for adjusting the payable milestones based on actual expenditures?
- c. To ensure advance payments do not result under an “Other Transaction” with cost reimbursable features, does the “Other Transaction” require the contractor to submit a report of actual expenditures as a condition for milestone payment? Does the “Other Transaction” stipulate that the milestone payment will not exceed actual expenditures?
- d. When an “Other Transaction” has firm-fixed price characteristics with payable milestone provisions, are the payable milestone values commensurate with the estimated value of the milestone events?
- e. When an “Other Transaction” requires the submittal of technical, business or annual reports, has the Agreements Officer considered whether these reports are important enough to warrant establishment of separate milestones, or if report requirements should be incorporated as part of a larger payable milestone?
- f. Does the “Other Transaction” require the delivery of technical reports to the Defense Technology Information Center (DTIC), upon completion of the research and engineering project (per DoD Instruction 3200.14)?
- g. If the contractor fails to comply with the terms of the “Other Transaction”, has the Agreement Administrator taken timely, appropriate action to remedy the situation?

Step 11. Financial and Cost Aspects for Technology Investment Agreements (TIAs). (A TIA is defined as a class of assistance instruments that may be used to carry out basic, applied, and advanced research projects when it is appropriate to use assistance instruments, and the research is to be performed by for-profits or by consortia that include for-profits firms, particularly firms that have done business with the Government.)

- a. If a TIA provides for payment to be made based on payable milestones, are these payable milestones based on observable, technical progress?
- b. At the completion of each payable milestone or upon receipt of the quarterly business status report, has the Agreements Officer compared the total amount of project expenditures with the amount of payments for completed milestones? Has the Agreements Officer adjusted future payable milestones (as needed) to closely match payments to the recipient’s cash needs for the project?
- c. For TIA’s which use payable milestones, has the Agreements Officer included a term or condition in the award document or otherwise required the recipient to maintain in an interest-bearing account any payable amounts received in advance of needs to disburse the funds for program purposes?—Unless one of the following conditions applies:

1. The recipient receives less than \$120,000 in Federal awards per year;
 2. The best reasonably available interest bearing account would not be expected to earn interest in excess of \$250 per year on such cash advances;
or
 3. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources for the project.
- d. Has the Agreements Officer forwarded any annually earned interest received from a recipient under a TIA to the responsible payment office for return to the Department of the Treasury's miscellaneous receipt's account?